- A4740-2F 9/87 -

Employment Management Association

1986
COST PER HIRE SURVEY

COPYRIGHT 1987, Employment Management Association

No copying, reproduction, recompilation or redistribution of this material is permitted without the prior written authorization of the Employment Management Association.

EMPLOYMENT MANAGEMENT ASSOCIATION
NATIONAL COST PER HIRE SURVEY - 1986

This, the fourth annual EMA National Cost Per Hire Survey, is the bottom line of the human resource professional's efforts for the calendar year 1986. The data reflected within this report provides a benchmark for employment managers to compare their source utilization, cost effectiveness and budget management with others in their industries, regions or similar employment situations.

Summary of Findings

Employment activity in 1986 took a 13% drop from 1985 levels. The average employer hired only 207 new exempt employees during this past year. The average cost per hire was also down by 11%, computed at $6,175 for 1986.

Despite the lower overall cost per hire, the 80 responding companies reported the cost of maintaining their recruiting/employment offices was up 14% from 1985 levels to $241,000 in 1986. This was more than offset by the corresponding decreases in the other major expense categories - Recruiting Expenses (-28%), Company Visit Expenses (-41%), and Direct Fees (-19%).

In the area of direct fees, advertising garnered less money per employer (-20% from 1985 levels), yet netted virtually the same number of hires (68 in 1986 vs. 69 in 1985). Employers reported paying 11% more to Employment Agencies, but hired an average of 3 less employees (-9%) via these sources (29 in 1986 vs. 32 in 1985). Search activity was up significantly from 2 to 11 average hires per employer with an increase of 180% in dollars spent.

Drug screening expenses became a major factor in the Company Visit category, resulting in a 140% increase in reported costs per employer for testing, drug screening and credentials verification. The average respondent spent $23,287 for these services, or $112.50 per hire.

Employment activity was moderate in most industries. Understandably, the Aerospace/Electronics/Instruments category averaged the highest level of employment activity (318) and Petroleum & Allied Products showed the least number of hires per employer (22).

For the first time this year, EMA members were asked to report employment activity and cost per hire data on Hourly/Production Workers - 196 hires at $655 each - and Non-Exempt/Office and Clerical - 293 hires at $676 each.

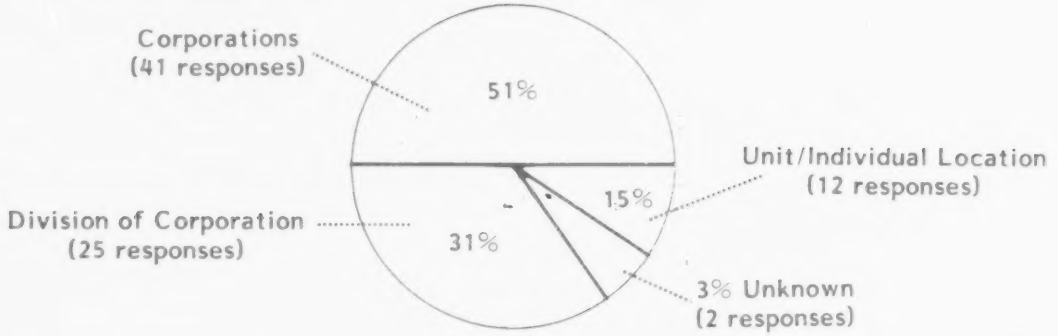
Report of Survey Data

The Employment Management Association in no way claims the statistical validity of the data contained in this report. The information presented herein represents both actual and estimated costs incurred and reported by the 80 respondents indicated in the demographics which follow. This information should be used with appropriate discretion, recognizing the limitations inherent in this same statistical sample base.

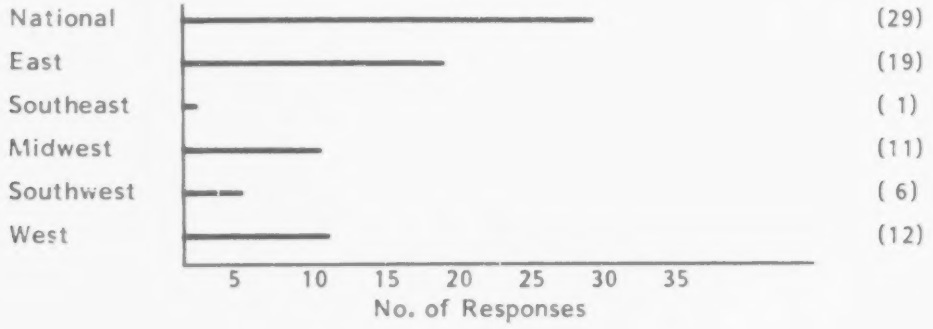
Respondent Information

The employer members of the EMA participating in this year's survey were represented as follows:

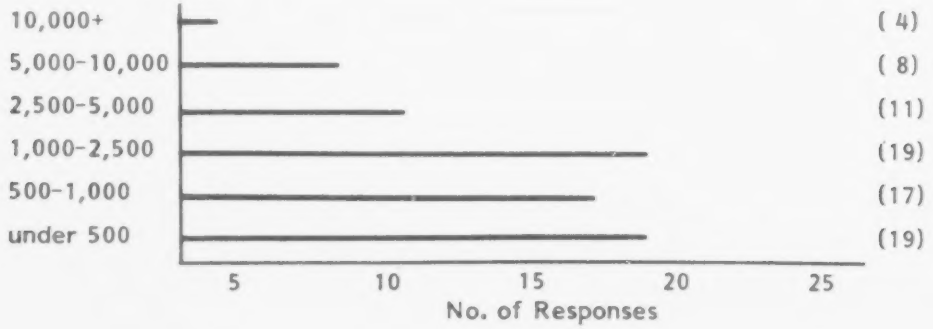
Organizational Representation:



Principal Recruiting Areas:



Exempt Population Size:



Nature of Business:

Accounting - Public	0	0%
Banking, Finance & Insurance	26	33%
Merchandising & Services	2	3%
Aerospace, Electronics & Instruments	17	21%
Automotive & Mechanical Equipment	2	3%
Building Materials Mfg. & Construction	2	2%
Chemicals, Drugs & Allied Products	7	9%
Electrical Machinery & Equipment	1	1%
Food, Beverage Processing	6	8%
Glass, Paper, Packaging & Allied Products	1	1%
Metal & Metal Products	0	0%
Petroleum & Allied Products	3	4%
Research and/or Consulting	2	2%
Tire and Rubber	0	0%
Utilities - Public (Transportation)	7	9%
Non Profit Organizations & Education	1	1%
Health Care Services	1	1%
Unspecified	2	2%

Survey Elements

Computing Your Cost Per Hire

Line 1 *Salaries and benefits of employment/recruiting office staff.*
Estimate the % of time spent annually in recruiting activities by each member of your employment/recruitment office staff. Compute the actual salary and benefit costs for each staff member, multiply by the percentage that applies to each, then total. Enter on Line 1.

Line 2 *Travel lodging, entertainment expenses of recruiting staff.*
Compute the total T/L/E expenses of the Employment/Recruiting office staff. Include: all recruiting-related trips and entertainment; T/L/E expenses for professional development seminars, workshops and conferences; source relations and development visits, etc. **Exclude:** Meetings and training programs that do not utilize or enhance the employment skills of your recruiting staff. Enter total on Line 2.

Line 3 *Administrative expenses.*
Compute or estimate all recruiting-related overhead expenses, including but not limited to: telephone, office space, postage, PR literature, recruiting brochures, general/image-building advertising, training program and conference attendance fees, employee referral gift awards, computer access charges. Enter total on Line 3.

Line 4 *Employment/recruiting office expenses - Sub-total.*
Total Lines 1, 2 and 3, and enter on Line 4.
(Note: If sufficient detail is not available to determine items 1 through 3 above, estimate this sub-total and enter on Line 4).

Line 5 *Travel, lodging, entertainment expenses for line recruiters.*
If other company personnel and/or contract recruiters were utilized, compute or estimate their T/L/E expenses and enter on Line 5. (A representative sample of expense reports may be gathered to compute an average which can be multiplied by the number of trips/events to obtain the total for this line item). **Exclude** recruiters counted in Line 1. Enter total on Line 6.

Line 6 *Salaries of line recruiters.*
Compute or estimate the average day's salary of those line personnel utilized as part-time recruiters. Multiply this average by the number of days they were involved in recruiting, including business-hours travel time. **Exclude** full-time recruiters counted in Line 1. Enter total on Line 6.

Line 7 *Other related expenses.*
Estimate the total annual costs of resume books, transcript fees, give-aways, annual reports, etc. **Exclude** items counted in Line 3, enter total on Line 7.

Line 8 *Recruiting expenses - Sub-total.*
Total Lines 5, 6 and 7 and enter on Line 7.

Line 9 *Candidate travel, lodging, meal expenses.*
Compute or estimate the average expense of **each applicant** who visits your company for employment consideration. (A representative sample of expense reports may be used to compute this average). Multiply this average by the **total** number of applicant visits, **not just for those hired.** Enter total on Line 9. EXAMPLE: Your screening ratio shows that 1 out of 4 applicants visiting your company is hired. Your cost of this line item is 4 x Total Hires x Avg. Applicant's T/L/E.

Line 10 *Secondary interview workdays.*
Estimate the average day's salary of company personnel utilized in the secondary/on-site interview process. Multiply this number by the average length of an applicant's visit to your company (e.g. $150 x 1.5 days = $225). Multiply this number by the **total** number of applicant visits (see screening ratio EXAMPLE above). Enter total on Line 10.

Line 11 *Other expenses.*
Estimate the costs (annualized or average per applicant) of other related expenses including, but not limited to, testing, pre-employment **drug screening**, credential verification, relocation packets, etc. Enter the appropriate annual expense total on Line 11.

Line 12 *Company visit expenses - Sub-total.*
Total Lines 9, 10 and 11 and enter on Line 12.

Line 13 *Advertising fees.*
Under the heading "# Hires," enter the number of exempt hires derived directly as a result of Employment Advertising. Compute or estimate total annual job-specific employment advertising fees. **Exclude** general advertising charges included in Line 3. Enter total on Line 13.

Line 14 *Agency fees.*
Under the heading "# Hires," enter the number of hires derived through contingency personnel agencies. Compute or estimate total annual agency fees. Enter total on Line 14.

Line 15 *Executive search fees.*
Under the heading "# Hires," enter the number of hires derived through executive search (retainer/contract search). Compute or estimate total annual search and search-research fees paid. Enter total on Line 15.

Line 16 *Employee referral cash awards.*
Under the heading "# Hires," enter the number of Employee Referrals hired.

Compute the total annual cash payments made to employees for referrals who were hired. **Exclude** program administration fees and gifts-in-kind included in Line 3. Enter total on Line 16.

Line 17 *College recruiting.*
Under the heading "# Hires," enter the number of direct recruits from your college recruiting program. **No direct fees should be reported for college hires.** Recruiters T/L/E should be reported on Line 2 or Line 5; literature on Line 3; and resume books and transcripts on Line 7.

Line 18 *Direct fees - Sub-total.*
Total Lines 13, 14, 15, 16, 17 and enter on Line 18.

Line 19 *Total recruitment costs.*
Total Lines 4, 8, 12 and 18 and enter on Line 19.

Line 20 *Relocation expenses.*
Under the heading "# Hires Relocated," enter the actual number of new hires who received relocation expense assistance to accept employment. Enter the actual or estimated total expense incurred by your company to provide this assistance on Line 20.

Line 21 *Total costs.*
Total Lines 19 and 20 and enter on Line 21.

Line 22 *Total exempt hires.*
Enter total number of exempt hires for calendar year on Line 22.

Line 23 *Cost per hire.*
Divide Line 21 by Line 22. Enter result on Line 23 (rounded to nearest whole dollar).

Supplemental Survey Data (complete if data is available)

Line 24 *Inexperienced exempt hires with salaries under $30,000/yr.*
Enter the number of individuals hired **without** experience (new college graduate and/or less than 2 years of prior experience in a related career field). **Estimate** the average cost per hire for this group. Enter on Line 24 under respective headings.

Line 25 *Experienced exempt hires with salaries under $30,000/yr.*
Enter the number of individuals hired with at least 2 years of related experience. **Estimate** the average cost per hire for this group. Enter on Line 25 under respective headings.

Line 26 *Exempt hires with salaries between $30,000 and $40,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 26.

Line 27 *Exempt hires with salaries between $40,000 and $60,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 27.

Line 28 *Exempt hires with salaries between $60,000 and $100,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 28.

Line 29 *Exempt hires with salaries over $100,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 29.

Line 30 *Hourly/production workers hired and estimated cost per hire.*
Although no formal surveys have been conducted in recent years, many EMA members casually suggest something in the range of $250.00 to $750.00 to hire a blue-collar worker. Some would note the increased costs resulting from drug testing. Enter the number of hourly workers hired (if known) and **your estimated** CPH on Line 30.

Line 31 *Non-exempt/office and clerical workers hired and estimated cost per hire.*
Informal estimates seem to be clustered between $1500 and $2400 in recent times. A significant factor in today's labor market is clearly supply and demand, particularly for the computer-literate office worker. Enter the number of non-exempt workers hired and **estimated** CPH on Line 31.

Comparison of Findings

Averages	1986	1985	1984	1983
# of hires	207	238	219	135
Total Costs per-Employer	$1,277,047	1,659,783	$1,436,114	$1,029,473
Cost Per Hire	$6,175	$6,974	$6,558	$7,625
	-11%	+6%	-14%	

Direct Fees

Average Expenditure Per Employer	1986	1985	1984	1983
Advertising	$155,878	$195,914	$156,571	$103,156
Agencies	$239,918	$216,249	$237,013	$177,006
Search	$ 90,321	$ 32,644	$132,571	$ 86,717
Emp. Referral	$ 22,196	$ 16,460	$ 17,286	$ 33,138

Hires by Source	1986	1985
Advertising	68	69
Agencies	29	32
Search	11	2
Emp. Referral	40	33
College Recruiting	46	33

Distribution by Starting Salaries

Salary Ranges	1986	1985
Under $30,000/yr. - Inexperienced	$ 2,593	[$ 3,020]*
Under $30,000/yr. - Experienced	$ 3,965	
$30-40,000/yr.	$ 7,450	$ 6,381
$40-60,000/yr.	$10,483	$11,597
$60-100,000/yr.	$18,433	$19,703
Over $100,000/yr.	$44,750	$42,138

*In the 1985 survey, the lower end did not differentiate between inexperienced and experienced hires, and the range was "under $25,000/yr." versus this year's $30,000 range definition.

Average Employer Expense by Line Item

These averages were computed by dividing the total costs reported for each line item by the number of respondents providing data for that line item. (The number of respondents is indicated in parentheses).

A.	Employment/Recruiting Office Expenses			
	° Salaries and benefits of staff (based upon % of time spent in recruiting-related role)		$188,539 (78)	
	° Travel, lodging, entertainment expenses of recruiting staff		18,589 (67)	
	° Administrative expenses (telephone, postage, PR brochures and programs, training fees, etc.)		46,287 (71)	
	Sub-Total (add lines 1-3)			$240,967 (80)
B.	Recruiting Expenses			
	° Travel, lodging, entertainment expenses for line recruiters not included in line 2 above		$ 22,260 (26)	
	° Salaries of line (part-time) recruiters (based upon average day's salary)		28,520 (33)	
	° Other related expenses (transcripts, resume books)		6,584 (33)	
	Sub-Total (add lines 5-7)			$114,153 (49)
C.	Company Visit Expenses			
	° Candidate travel, lodging, meals		$ 81,755 (66)	
	° Secondary interview workdays		41,527 (27)	
	° Other expenses (testing, drug screening, etc.)		23,287 (37)	
	Sub-Total (add lines 9-11)			$117,383 (73)
D.	Direct Fees	# Hires		
	° Advertising	68 (60)	$155,878 (78)	
	° Agency	29 (55)	239,918 (67)	
	° Search	11 (27)	90,321 (31)	
	° Employee referral cash awards	40 (40)	22,196 (40)	
	° College recruiting	46 (40)	-na-	
	Sub-Total (add lines 13-17)			$405,199 (80)
Total recruitment costs (add lines 4, 8, 12 and 18)				$816,383 (80)
E.	Relocation Expenses # Hires Relocated 67(61)			
	° Relocation assistance paid to new hires			$534,104 (69)
F.	Totals			
	° Total costs of employment (add lines 19 and 20)			$1,277,047 (80)
	° Total exempt hires			207 (80)
	° Average cost per hire (divide line 21 by line 22)			$ 6,175 (80)
G.	Supplemental Data			
	Starting Salary Range:	# Hires	Est'd. CPH	
	° Under $30,000/yr. - Inexperienced	44 (28)	$ 2,593 (14)	
	° Under $30,000/yr. - Experienced	32 (37)	3,965 (20)	
	° $30,000 to $40,000/yr.	42 (38)	7,450 (20)	
	° $40,000 to $60,000/yr.	35 (35)	10,483 (18)	
	° $60,000 to $100,000/yr.	7 (28)	18,433 (12)	
	° Over $100,000/yr.	2 (13)	44,750 (4)	
	° Hourly/production workers	196 (23)	655 (15)	
	° Non-exempt/office and clerical	293 (35)	676 (21)	

Average Costs by Nature of Business

Expense/Item	Banking, Finance, Insurance (26)	Aerospace, Electronics, Instruments (17)	Chemicals, Drugs, Allied Products (7)	Food, Beverage, Processing (6)	Petroleum & Allied Products (3)	Public Utilities, Transportation (7)	National Average (80)
Recruiting/Employment Office	$ 211,216	$ 377,885	$ 480,307	$ 334,749	$ 42,203	$ 284,435	$ 240,967
Recruiting Expenses	$ 13,460	$ 471,715	$ 94,552	$ 8,366	$ 65,000	$ 16,918	$ 114,153
Company Visits	$ 63,065	$ 217,730	$ 282,897	$ 85,051	$ 13,365	$ 49,671	$ 117,383
Direct Fees	$ 358,045	$ 523,030	$ 625,448	$ 849,251	$ 95,569	$ 142,817	$ 405,199
Total Recruitment Costs	$ 643,077	$ 1,373,072	$ 1,419,597	$ 1,260,537	$ 168,349	$ 486,591	$ 816,383
Recruitment and Relocation Total	$ 894,630	$ 2,372,846	$ 2,120,740	$ 1,413,870	$ 241,349	$ 606,136	$ 1,277,047
Total Hires	239	318	237	166	22	103	207
Average CPH	$ 3,744	$ 7,456	$ 8,943	$ 8,509	$ 10,739	$ 5,852	$ 6,175

Other Business	Merchandising and Services	Automotive, Mech. Eqmt.	Bldg. Mtls., Construction	Research & Consulting
Average Number of Hires	160	33	139	66
Average CPH	$6,386	$8,036	$4,231	$6,534

Extremes

Lowest Reported CPH: $938 from Health Care & Services employer, 161 hires.
Highest Reported CPH: $28,500 from Aerospace, Electronics, Instruments employer, 6 hires.

Regional Analysis

		Average # Hires	Average CPH
National recruiting:			
Total Corporation	(15)	196	$7,803
Division of Corporation	(9)	468	$7,641
Unit/Individual Location	(4)	393	$4,451
East:			
Total Corporation	(9)	108	$3,421
Division of Corporation	(7)	83	$7,974
Unit/Individual Location	(3)	274	$5,474
Southeast:			
Division of Corporation	(1)	51	$7,723
Midwest:			
Total Corporation	(8)	133	$7,540
Division of Corporation	(1)	37	$5,798
Unit/Individual Location	(2)	185	$2,686
Southwest:			
Total Corporation	(3)	369	$1,130
Division of Corporation	(1)	75	$5,972
Unit/Individual Location	(2)	117	$5,675

West:			
Total Corporation	(6)	113	$5,987
Division of Corporation	(5)	180	$5,719
Unit/individual Location	(1)	576	$2,851

Organizational Averages

Total Corporation	(41)	165	$5,858
Division of Corporation	(24)	244	$7,346
Unit/Individual Location	(12)	298	$4,327

Uses and Application

With the establishment of this standard form of measurement, the employment professional now has a new and versatile tool.

SELF-EVALUATION can now extend beyond the number of people hired and budget expended to a whole array of analyses based on clearly defined, "hard" data.

- Year-to-year comparisons
- Cost assessment of various sourcing techniques
- Identifying effective/ineffective sourcing strategies
- Budget planning - determining recruiting strategies and employment department staffing levels
- Assessing costs of differing levels of hiring activity
- Evaluating cost advantages for centralized vs. decentralized recruiting programs
- Determining service cross-charges when the employment department operates as a profit center

MANAGEMENT INFORMATION may, for some, prove to be the most useful application of this data. Recruitment, selection and employment are critical to every business, but too often the question "What is it costing us?" has been answered inadequately. Employment managers may now find the data generated in computing cost per hire are just what is needed to justify their actions or recommendations, and influence or educate their company's management.

Future Surveys

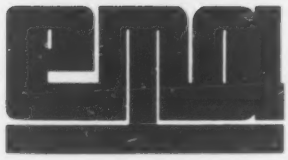
The EMA membership has responded favorably to the format and content of this survey and report. Members who previously did not track CPH of their companies have introduced this format and begun tracking these costs. The EMA intends to continue to provide this tool and resultant information for the benefit of employers and members nationwide. Suggestions and comments regarding this survey are welcome and may be forwarded to: Employment Management Association, 1100 Raleigh Building, 5 West Hargett Street, Raleigh, NC 27601.

Acknowledgements

The EMA wishes to express its profound appreciation to Gary A. Cluff for the design, development and compilation of this survey and report.

July 1987

A41740-2-U
9/22/88



THE EMA REPORT

of

NATIONAL COST PER HIRE DATA

for

1987

© 1988 The Employment Management Association

THE EMPLOYMENT MANAGEMENT ASSOCIATION REPORT
NATIONAL COST PER HIRE DATA - 1987

This, the fifth annual EMA National Cost Per Hire Survey, is the bottom line of the human resource professional's efforts for the calendar year 1987. The data reflected within this report provides a benchmark for employment managers to compare their source utilization, cost effectiveness and budget management with others in their industries, regions or similar employment situations.

EXECUTIVE SUMMARY

Answering the universal call from management to "reduce costs," employment managers across the country have managed their budgets and their recruiting strategies to effect a 5.5% reduction of the average cost per hire, from the 1986 level of $6,175 to $5,856 in 1987.

For the second consecutive year, EMPLOYMENT ACTIVITY DROPPED 13% from the previous year. The average employer hired 181 new employees in 1987, down from 207 in 1986. Only merchandising (retailers & wholesalers) and utilities reported increased hiring over 1986 levels. All other industry categories reported reduced hiring activity.

Very significant changes occurred in the distribution of the employment dollar. EMPLOYMENT OFFICE EXPENSES increased by 39%, while DIRECT FEES (for outside services) declined by 30%. This shift indicates a greater emphasis upon the utilization of in-house recruiters and less dependence upon advertising, agencies and search firms.

RELOCATION of new hires was also down from 1986 levels. In 1986, 25% of all new hires were relocated to accept employment. In 1987, only 21% were relocated.

DRUG SCREENING and credential verification fees took an unexpected down turn this year. The average employer spent only $19,580 for these services versus $23,287 last year.

Although this year's survey had a "default" amount of $250 per hire for SECONDARY INTERVIEW WORKDAY EXPENSES (Line 9), 54 of the 91 respondents reported their actual expenditures which computed to an average of $267.80 per hire.

Finally, estimates of the cost per hire for HOURLY/PRODUCTION WORKERS dropped from $655 in 1986 to $333 in 1987, while NON-EXEMPT/OFFICE & CLERICAL WORKERS saw an increase from $676 to $961 per hire.

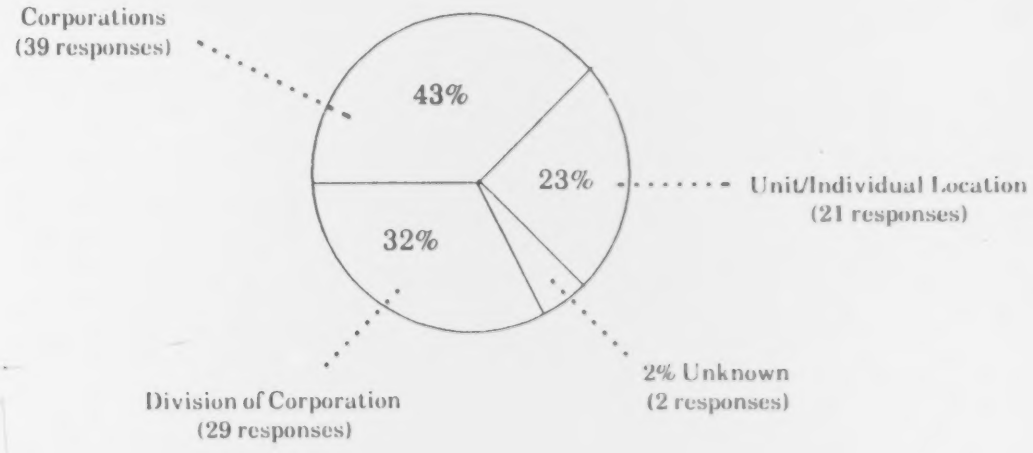
REPORT OF SURVEY DATA

The Employment Management Association in no way claims the statistical validity of the data contained in this report. The information presented herein represents both actual and estimated costs incurred and reported by the 91 respondents indicated in the demographics which follow. The information should be used with appropriate discretion, recognizing the limitations inherent to this statistical sample.

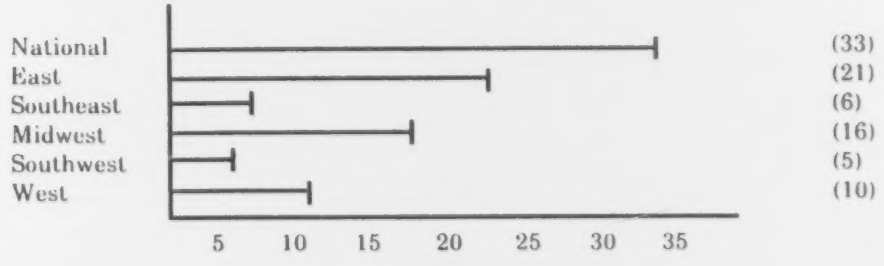
RESPONDENT INFORMATION

The employer members of the EMA participating in this year's survey were represented as follows:

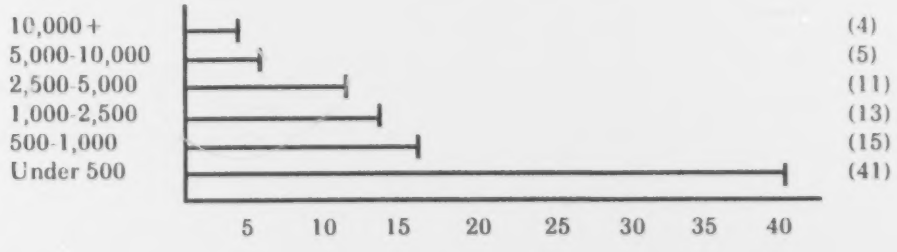
Organizational Representation:



Principal Recruiting Areas:



Exempt Population Size:



Nature of Business:

	#	%
Accounting-Public	0	--
Banking, Finance & Insurance	21	23%
Merchandising (Retail & Wholesale) & Services	8	9%
Aerospace, Electronics & Instruments	22	24%
Automotive & Mechanical Equipment	1	1%
Building Materials Manufacturers & Construction	1	1%
Chemical, Drugs & Allied Products	3	3%
Electrical Machinery & Equipment	3	3%
Food & Beverage Processing	7	8%
Glass, Paper, Packaging & Allied Products	1	1%
Metal & Metal Products	1	1%
Petroleum & Allied Products (Including Natural Gas)	1	1%
Research and/or Consulting Organizations	6	7%
Tire & Rubber	0	--
Utilities - Public (Including Transportation)	5	5.5%
Government - Federal	0	--
Government - State/Local	0	--
Non-Profit Organizations & Educational Institutions	6	7%
Health Care Services	0	--
Unknown	5	5.5%
TOTAL:	91	100%

Computing Your Cost Per Hire

Section A - Employment/Recruiting Office Expenses

Line 1 *Salaries and benefits of Employment/Recruiting office staff.*
Estimate the % of time spent annually in recruiting activities by each member of your Employment/Recruitment office staff. Compute the actual salary and benefit costs for each staff member, multiply by the percentage that applies to each, then total. Enter on Line 1.

Line 2 *Travel lodging, entertainment expenses of recruiting staff.*
Compute the total T/L/E expenses of the Employment/Recruiting office staff. Include: all recruiting-related trips and entertainment; T/L/E expenses for professional development seminars, workshops and conferences, college relations and source development visits, etc. **Exclude** meetings and training programs that do not utilize or enhance the employment skills of your recruiting staff. Enter total on Line 2.

Line 3 *Administrative expenses.*
Compute or estimate all recruiting-related overhead expenses, including but not limited to: telephone, office space, postage, PR literature, resume books, give-aways, general/image-building advertising, training program and conference attendance fees, employee referral gift awards; computer access charges. **Exclude** tax deductible contributions to colleges and universities. Enter total on Line 3.

Line 4 *Sub-Total A*
Total Lines 1, 2, and 3, and enter on line 4.
(Note: If sufficient detail is not available to determine items 1 through 3 above, estimate this sub-total and enter on Line 4.

Section B - Other Recruiters' Expenses

Line 5 *Travel, lodging, entertainment expenses for other recruiters.*
If other company employees (technical managers, operating staff, etc.) and/or contract recruiters were utilized, compute or estimate their T/L/E expenses and enter on Line 5. (A representative sample of expense reports may be gathered to compute an average which can be multiplied by the number of trips/events to obtain the total for this line item.) **Exclude** recruiters counted in Line 1. Enter total on Line 5.

Line 6 *Salaries of other recruiters.*
Compute or estimate the average day's salary of those other employees utilized as part-time recruiters. Multiply this average by the number of days they were involved in recruiting, including business-hours travel time. **Exclude** full-time recruiters counted in Line 1. Enter total on Line 6.

Line 7 *Sub-Total B*
Total lines 5 and 6 and enter on Line 7. If sufficient information is not available to compute Lines 5 and 6, estimate this sub-total based upon usage of other recruiters (managers, contract recruiters, etc.)

Never use - Enter - 0 - on Line 7.
Seldom use - Multiply Line 4 by 5 to 15% and enter on Line 7.
Occasionally use - Multiply Line 4 by 16 to 30% and enter on Line 7.
Frequently use - Multiply Line 4 by 31 to 50% and enter on Line 7.

Section C - Company Visit Expenses

Line 8 *Candidate travel, lodging, meal expenses.*
Compute or estimate the average expense of **each applicant** who visits your company for employment consideration. (A representative sample of expense reports may be used to compute this average.) Multiply this average by the **total** number of applicant visits, **not just for those hired.** Enter total on Line 8. EXAMPLE: Your screening ratio shows that 1 out of 4 applicants visiting your company is hired. Your cost of this line item is 4 x Total Hires x Avg. Applicant's T/L/E.

Line 9 *Secondary interview workday expenses.*
Estimate the average hourly equivalent salary of the company personnel involved in your interview process (e.g. $43,000/yr. = @ $20.83/hr.) Estimate the average length of a typical applicant's visit (number of hours). Determine the average number of applicants interviewed to fill each position (see screening ratio example on Line 8.) Multiply salary by hours by applicants by total hires (Line 21), enter total on Line 9. EXAMPLE: $20.83/hr. x 4 hrs. x 4 applicants x 50 hires = $16,664.

NOTE: If the necessary information for the above computation is unavailable to you, multiply $250 by your total hires (Line 21) and enter total on Line 9.

Line 10 *Other expenses.*
Estimate the costs (annualized or average per applicant) of other related expenses including, but not limited to, testing, pre-employment **drug screening**, credential verification, relocation packets, etc. Enter the appropriate annual expense **total** on Line 10.

Line 11 *Sub-Total C*
Total Lines 8, 9, and 10 and enter on Line 11.

Section D - Direct Fees

Line 12 *Advertising fees.*
Under the heading "# Hires", enter the number of exempt hires derived directly as a result of Employment Advertising. Compute or estimate total annual job-specific employment advertising fees. **Exclude** general advertising charges included in Line 3. Enter total on Line 12.

Line 13 *Agency fees.*
Under the heading "# Hires", enter the number of hires derived through contingency personnel agencies. Compute or estimate total annual agency fees. Enter total on Line 13.

Line 14 *Executive search fees.*

Under the heading "# Hires", enter the number of hires derived through executive search (retainer/contract search). Compute or estimate total annual search and search-research fees paid. Enter total on Line 14.

Line 15 *Employee Referral Cash Awards.*
Under the heading "# Hires", enter the number of Employee Referrals hired. Compute the total annual cash payments made to employees for referrals who were hired. **Exclude** program administration fees and gifts-in-kind included in Line 3. Enter total on Line 15.

Line 16 *College recruiting.*
Under the heading "# Hires", enter the number of direct recruits from your college recruiting program. **No direct fees should be reported for college hires.** Recruiters T/L/E should be reported on Line 2 or Line 5; literature, resume books and transcripts on Line 3.

Line 17 *Sub-Total D*
Total lines 12, 13, 14, 15, 16 and enter on line 17.

Line 18 *Total recruitment costs.*
Total Lines 4, 7, 11 and 17 and enter on Line 18.

Line 19 *Relocation expenses.*
Under the heading "# Hires Relocated", enter the actual number of new hires who received relocation expense assistance to accept employment. Enter the actual or estimated total expense incurred by your company to provide this assistance on Line 19.

Line 20 *Total costs.*
Total Lines 18 and 19 and enter on line 20.

Line 21 *Total exempt hires.*
Enter total number of exempt hires for calendar year on line 21.

Line 22 *Cost per hire.*
Divide line 20 by line 21. Enter result on Line 22 (rounded to nearest whole dollar.)

Supplemental Survey Data (complete if data available)

Line 23 *Inexperienced exempt hires with salaries under $30,000/yr.*
Enter the number of individuals hired **without** experience (new college graduate and/or less than 2 years of prior experience in a related career field). **Estimate** the average cost per hire for this group. Enter on line 23 under respective headings.

Line 24 *Experienced exempt hires with salaries under $30,000/yr.*
Enter the number of individuals hired with at least 2 years of related experience. **Estimate** the average cost per hire for this group. Enter on Line 24 under respective headings.

Line 25 *Exempt hires with salaries between $30,000 and $40,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 25.

Line 26 *Exempt hires with salaries between $40,000 and $60,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 26.

Line 27 *Exempt hires with salaries between $60,000 and $100,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 27.

Line 28 *Exempt hires with salaries over $100,000/yr.*
Enter number and **estimated** CPH under respective headings on Line 28.

Line 29 *Hourly/Production Workers hired and estimated cost per hire.*
Utilizing the same thought process used to derive your exempt cost per hire, estimate your hourly cost per hire. Be sure to include drug-testing costs, if applicable. Enter the number of hourly workers hired and the **estimated** CPH on Line 29.

Line 30 *Non-Exempt/Office and Clerical workers hired and estimated cost per hire.*
Enter the number of **NON-EXEMPT** workers hired and your **estimated** CPH under the appropriate headings on Line 30.

AVERAGE EMPLOYER EXPENSE BY LINE ITEM

The following data reflects averages computed by dividing total costs reported by line item by the number of respondents (R), as well as the cumulative averages where total costs are divided by total survey respondents (91). Where shown, the (R) averages are more representative of employer activities where these line items apply.

		(R/AVG of R)		CUM AVG. (91)
A. *Employment/Recruiting Office Expenses*				
1. Salaries and benefits of staff				$ 233,573
2. Travel, lodging, entertainment of staff				25,259
3. Admin. expenses (phone, space, postage, etc.)				75,539
4. Sub Total - A				$ 334,371
B. *Other Recruiters' Expenses*				
5. Travel, lodging, entertainment		(22/$21,517)		5,202
6. Salaries		(25/$26,368)		7,244
7. Sub Total - B		(35/$40,316)		$ 15,506
C. *Company Visit Expenses*				
8. Candidate travel/expenses				53,353
9. Interview workday expenses				45,637
10. Other expenses (drug screening, etc.)		(47/$19,580)		10,113
11. Sub Total - C				$ 108, 819
*D. Direct Fees***	(R)(Hires)		# Hires	
12. Advertising	(76) (45)	(32/$117,485)	40	105,865
13. Agency	(65) (22)	(69/$161,579)	16	122,516
14. Executive Search	(27) (4)	(30/$117,873)	1	38,859
15. Emp. Refer. Cash Awards	(47) (29)	(39/$ 22,051)	15	9,451
16. College Recruiting	(37) (43)		18	- n/a -
17. Sub Total - D				$ 285,279
18. Total Recruitment Costs				$ 747,028
19. Relocation Expenses	(73) (47)	(79/$357,007)	38	$ 309,929
20. Total Costs				$1,057,231
21. Total Exempt Hires			181	
22. Cost Per Hire				$ 5,856

** For clarification, the (R) averages shown under Direct Fees show that 76 respondents reported an average of 45 Advertising hires, yet only 32 respondents reported the costs of Advertising which averaged $117,485 for each of those 32 respondents.

COMPARISON OF FINDINGS

Averages	1987	1986	1985	1984	1983
# of Hires	181	207	238	219	135
Total $ per Employer	$1.1 M	$1.3 M	$1.7 M	$1.4 M	$1.0 M
Cost Per Hire	$5,856	$6,175	$6,974	$6,558	$7,625

DIRECT FEES:

Average Expenditure Per Employer

	1987	1986
Advertising	$117,485	$155,878
Agencies	161,579	239,918
Exec. Search	117,873	90,321
Emp. Referral	22,051	22,196

Average Direct Fee Per Hire

	1987	1986
Advertising	$ 2,628	$ 2,992
Agencies	7,647	10,142
Exec. Search	31,573	9,491
Emp. Referral	634	549

AVERAGE HIRES BY SOURCE

	1987	1986	1985
Advertising	45	68	69
Agencies	22	29	32
Exec. Search	4	11	2
Emp. Referral	29	40	33
College Recruiting	43	46	33

RELOCATION OF NEW HIRES *

	1987	1986
Average # New Hires Relocated	47	67
Average $ Per Relocation	$8,163	$8,978
% of New Hires Relocated	21%	25%

* Relocation averages were computed by dividing the total hires relocated by total respondents, and dividing total relocation expenses by total hires relocated. (Totals not shown shown in this report.)

SUPPLEMENTAL DATA - COMPARISONS

Starting Salary Range:	1987 Hires/CPH		1986 Hires/CPH		1985 Hires/CPH	
• Under $30,000/yr - Inexperienced	40	$ 3,057	44	$ 2,593		
• Under $30,000/yr - Experienced	55	$ 2,496	32	$ 3,965	<56	$ 3,020
• $30,000 - $40,000/yr	32	$ 5,727	42	$ 7,450	109	$ 6,381
• $40,000 - $60,000/yr	21	$10,390	35	$10,483	18	$11,597
• $60,000 - $100,000/yr	7	$17,038	7	$18,433	6	$19,703
• Over $100,000/yr	3	$27,986	2	$44,750	1	$42,138
• Hourly/Production Workers	213	$ 333	196	$ 655	- na -	
• Non-Exempt/Office & Clerical	96	$ 961	293	$ 676	- na -	

INDUSTRY COMPARISONS

	1987 Hires/CPH		1986 Hires/CPH		1985 Hires/CPH	
Banking, Finance & Insurance	178	$ 4,439	239	$3,744	92	$ 3,316
Merchandising (Retail & Wholesale)	388	$ 4,751	160	$6,386	310	$ 3,347
Aerospace, Electronics & Instruments	289	$ 6,137	318	$7,456	410	$ 8,149
Chemicals, Drugs & Allied Products	216	$12,079	237	$8,943	157	$11,871
Electrical Machinery & Equipment	85	$ 8,475		----		----
Food & Beverage Processing	86	$12,187	166	$8,509	94	$ 4,204
Public Utilities/Transportation	160	$ 4,134	103	$5,852	90	$ 5,396
Research & Consulting	50	$ 5,664	66	$6,534	186	$ 6,319
Non-Profit/Education	30	$ 5,375		----		----
National Average	181	$ 5,856	207	$6,175	238	$ 6,974

EXTREMES

Lowest Reported 1987 CPH: $955 from Banking & Finance employer, 358 hires.
Highest Reported 1987 CPH: $25,509 from Food & Beverage employer, 60 hires.

REGIONAL ANALYSIS

Averages based upon geographic focus of recruiting efforts:

	RESP.	AVG. # HIRES	AVG. CPH
National recruiting:			
Total Corporation	19	207	$ 7,515
Division of Corporation	10	217	6,245
Unit/Individual Location	4	514	5,539
East recruiting:			
Total Corporation	6	114	$ 4,543
Division of Corporation	7	142	5,671
Unit/Individual Location	6	241	3,242
Southeast recruiting:			
Total Corporation	1	27	$ 6,780
Division of Corporation	3	229	5,792
Unit/Individual Location	2	11	10,453
Midwest recruiting:			
Total Corporation	6	156	$ 2,961
Division of Corporation	5	163	8,699
Unit/Individual Location	5	84	1,937
Southwest recruiting:			
Total Corporation	3	128	$ 4,276
Division of Corporation	1	15	6,170
Unit/Individual Location	1	207	8,913
West recruiting:			
Total Corporation	4	54	$ 7,341
Division of Corporation	3	360	6,358
Unit/Individual Location	3	47	8,585

NATIONAL RECRUITING FOCUS: $6,680

ORGANIZATIONAL ANALYSIS

Average hiring activity and CPH based upon type of organization of respondents.

	1987			1986		
Type of Organization	R	Avg. Hires	CPH	R	Avg. Hires	CPH
Corporation	39	159	$6,287	41	165	$5,856
Division of Corporation	29	199	6,460	24	244	7,364
Unit/Individual Location	21	204	4,700	12	298	4,327

ANALYSIS BY EMPLOYER POPULATION (EXEMPT)

Employer Pop.	*(R)*	*Average # Hires*	*Average Employer Total Expense*	*Average CPH*
Under 500	(41)	60	$ 377,968	$6,351
500-1,000	(15)	96	591,884	6,174
1,000-2,500	(13)	186	1,056,708	5,672
2,500-5,000	(11)	244	1,618,097	6,627
5,000-10,000	(5)	587	2,138,420	3,644
Over 10,000	(4)	1,081	7,259,611	6,717

COMPARISON OF EXPENSE CATEGORY AVERAGES

(based upon exempt employee population)

Employer Pop.	*Employment Office Expense*	*% of CPH*
ALL (91)	$ 334,371	31.7%
Under 500	$ 80,688	21.1%
500-1,000	93,098	15.7%
1,000-2,500	281,645	26.6%
2,500-5,000	346,608	21.4%
5,000-10,000	827,723	38.6%
Over 10,000	3,527,597	48.6%

Population	*Other Recruiters Expense*	*% of CPH*
ALL	$15,506	1.5%
Under 500	$ 3,513	.9%
500-1,000	6,021	1.0%
1,000-2,500	11,439	1.1%
2,500-5,000	43,587	2.7%
5,000-10,000	59,011	2.8%
Over 10,000	63,378	.9%

Population	*Candidate Expenses*	*% of CPH*
ALL	$ 108,819	10.4%
Under 500	$ 34,077	9.0%
500-1,000	50,246	8.5%
1,000-2,500	121,180	11.5%
2,500-5,000	196,360	12.1%
5,000-10,000	252,919	11.8%
Over 10,000	687,947	9.5%

Population	*Direct Fees*	*% of CPH*
ALL	$ 285,279	27.0%
Under 500	$ 147,317	38.6%
500-1,000	238,306	40.3%
1,000-2,500	313,877	29.7%
2,500-5,000	461,066	28.5%
5,000-10,000	642,726	29.2%
Over 10,000	1,017,523	14.0%

Population	*Relocation Expenses*	*% of CPH*
ALL	$ 309,929	29.4%
Under 500	$ 116,462	30.4%
500-1,000	209,826	35.5%
1,000-2,500	328,720	31.1%
2,500-5,000	569,542	35.2%
5,000-10,000	378,042	17.6%
Over 10,000	1,963,166	27.0%

APPLICATIONS

Employment managers may find the preceding analyses useful in developing budgets, evaluating in-house recruiting services vs. outside services, and determining the cost benefits of minimizing the relocation of new hires.

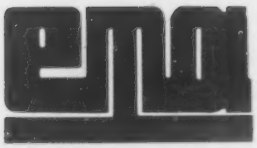
Third party employment services may also find these analyses helpful in identifying trends and probable client industries.

FURTHER INFORMATION

The EMA will continue to provide professional development workshops and information on this and other surveys. Special workshops will be offered at most semi-annual conferences. Specific inquiries regarding this survey should be directed to: Employment Management Association, 1100 Raleigh Building, 5 W. Hargett St., Raleigh, NC 27601, phone 919-828-6614.

Special thanks to EMA member Gary A. Cluff for analyzing the data and compiling this report.

SEPTEMBER 1988



EMPLOYMENT
MANAGEMENT
ASSOCIATION

5 West Hargett • Suite 1100 • Raleigh, NC 27601
(919) 828-6614 FAX (919) 839-0633